

United States Senate
WASHINGTON, DC 20510

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Spectrum
Incentive
Auctions

June 30, 2015

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

We commend the Federal Communications Commission (FCC) for its ongoing work to design and implement the 600 MHz Broadcast Incentive Auction (Incentive Auction). Given its propagation characteristics, 600 MHz spectrum provides a unique opportunity to ensure rural consumers, small businesses, students, energy producers and many others have access to state-of-the-art wireless broadband communication services. In particular, we recognize the FCC's proposed bidding credit rules as a positive step to promote a competitive marketplace and ensure rural consumers obtain wireless services reasonably comparable to their urban counterparts.

As part of ongoing efforts to examine competitive bidding rules for spectrum, we remind the FCC that section 309(j) of the Communications Act of 1934, as amended, requires the agency to avoid excessive concentration of licenses and to ensure that small business and rural telephone companies are given the opportunity to participate in competitive bidding systems. We are encouraged to see the proposed rules recognize Congress's intent that rural telephone companies, separate and apart from other small businesses, have the opportunity to provide spectrum based services and to ensure rural consumers have access to reasonably comparable services. We recommend that the FCC adjust its rural carrier bidding credit proposal to more comprehensively address the challenges faced by rural telephone companies. A well-designed rural telco bidding credit would offer rural providers the opportunity to better compete for spectrum against larger providers.

Rural telephone companies have a responsibility to their communities and a history of providing modern communication services to the more rural areas of our country. For example, rural companies are often located in the communities they serve and make service decisions based on the needs of their community. Despite their commitment to their communities and interest in obtaining additional spectrum, rural providers were virtually shut out of the recent AWS-3 auction and accounted for just 1.55 percent of the total licenses won.

Given our shared commitment to rural consumers and a successful implementation of the Incentive Auction, we urge the FCC to increase the rural provider bidding credit to help ensure that rural providers have a reasonable opportunity to obtain spectrum to serve rural consumers. We look forward to hearing from you about this important matter.

Sincerely,




Heidi Heitkamp
United States Senator



Amy Klobuchar
United States Senator



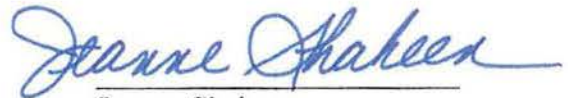
Al Franken
United States Senator



Jon Tester
United States Senator



Pat Roberts
United States Senator



Jeanne Shaheen
United States Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

To that end, the Commission recently adopted a Report & Order updating our competitive bidding rules to reflect the dramatic changes in the wireless marketplace since they were last updated in 2006. In 2006, the top four national carriers served 82 percent of the market; today the share of the top four national carriers has increased to 98 percent. Given these changes, the Commission acted in order to afford *bona fide* small businesses and eligible rural service providers a better on-ramp into the wireless industry and the flexibility to make businesses decisions that can create more wireless choices for consumers.

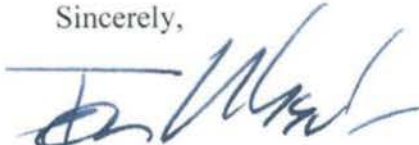
As you note, the Communications Act of 1934, as amended, directs the Commission to ensure rural service providers have the opportunity to compete for spectrum in the Commission's spectrum auctions. To aid these rural service providers, the Report & Order creates a bidding credit to incentivize their participation in future auctions and facilitate competition in rural areas. Specifically, the rural bidding credit will allow entities that serve predominantly rural areas and provide services to 250,000 subscribers or less to receive a 15 percent bidding credit or discount on the amount they must pay for licenses awarded at auction. For the upcoming Incentive Auction, at the request of rural service providers, the Report & Order also establishes a \$10 million cap on the overall amount of discounts that either small businesses or rural service providers may receive in smaller markets to ensure that they can compete for spectrum on equal footing with larger, well-financed small businesses.

Ultimately, the reforms adopted in the Report & Order will increase the economic opportunity for small and rural businesses, as well as ensure that the beneficiaries of our competitive bidding rules are those intended by Congress.

Page 2—The Honorable Al Franken

Thank you for your ongoing support of our efforts to promote competition and choice in mobile broadband.

Sincerely,



Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Heidi Heitkamp
United States Senate
G55 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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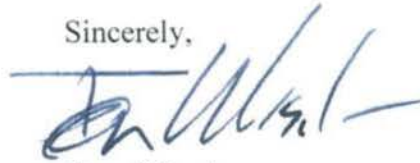
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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Page 2—The Honorable Amy Klobuchar

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Jeanne Shaheen
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Shaheen:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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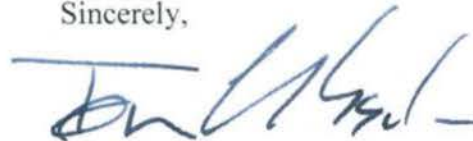
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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 1, 2015

The Honorable Jon Tester
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Tester:

Thank you for your letter regarding the Commission's efforts to update our competitive bidding rules to provide small businesses and rural service providers with greater flexibility to compete in today's wireless marketplace. I appreciate your leadership and support for our efforts to ensure that *bona fide* small businesses and eligible rural service providers have the opportunity to participate in our spectrum auctions and in the provision of spectrum-based services.

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